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Chief Executive Officer

April 22, 2014

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To: Supervisor Don Knabe, Chairman
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From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

Executive Summary

This memorandum contains pursuits of County position on legislation:

- **Pursuit of County Position to Oppose AB 2145 (Bradford).** This bill would: 1) require each customer to opt-in a community choice aggregation (CCA) program, or communitywide electricity buyers' program, by requiring a positive declaration from the customer for participation in the program; 2) require a CCA implementation plan to include 5-year project rate comparisons; and 3) authorize the California Public Utilities Commission to take corrective action against a CCA for violations of these provisions. Therefore, unless otherwise directed by the Board, consistent with existing policy to support direct access legislation that would provide customers, such as the County, with a choice of retail electricity suppliers and to support legislation that allows local government to purchase and/or generate electricity and natural gas for local government facilities delivered through utility transmission and distribution systems (lines/wire for electricity, pipelines for natural gas), **the Sacramento advocates will oppose AB 2145.**
- **Pursuit of County Position to Support AB 2374 (Mansoor).** This measure would require that licensed alcoholism or drug abuse recovery and treatment programs provide telephonic and written reports to the California Department of Health Care Services regarding specified events involving program residents, including deaths, poisonings, and facility-related injuries requiring medical treatment, among other incidents. Therefore, unless otherwise directed by the

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Board, consistent with existing policies to support legislation that improves oversight of the State's Drug Medi-Cal Program by implementing specified program enhancements, **the Sacramento advocates will support AB 2374.**

Pursuit of County Position on Legislation

AB 2145 (Bradford), which as amended on April 10, 2014, would require each electricity customer to opt-in a community choice aggregation (CCA) program by requiring a positive declaration from the customer for participation in a CCA program. The bill would also: 1) provide that a customer shall be served by the community choice aggregation program if an affirmative declaration is made; 2) require solicitations of customers by a CCA, and communication by the CCA to the public or prospective and existing customers to include a comparison of rates between current investor-owned utilities (IOUs) and the CCA for the next five years; 3) require solicitations and communications by the CCA to also include the annual greenhouse gas emissions rate for electricity delivered to customers for the previous two years; and 4) authorize the California Public Utilities Commission (CPUC) to order corrective action against a CCA for violations of these provisions.

Existing law permits a city, county or city and county to aggregate the electrical loads of residents, businesses and municipal facilities within their boundaries as community choice aggregators (CCAs), or communitywide electricity buyers' programs, and provide service directly to their residents. A CCA does not own the transmission and delivery systems (i.e., the poles and wires), but instead, procures electricity on the wholesale market from a variety of sources, to be delivered through an investor owned utility (IOU) infrastructure. A CCA's sources of power could include biogas, biomass, geothermal, hydro, solar, or wind power. Current law requires IOUs to cooperate fully with the CCA and provide appropriate billing and electric load data.

Existing law also requires CCAs to file an implementation plan and disclosures with the CPUC. The law specifies that customer participation in the community choice aggregation program does not require a positive written declaration for participation, but requires each customer to be informed of his or her right to opt out of the program. If no negative declaration is made by the customer regarding participation, the customer shall be served by the community choice aggregation program.

The Internal Services Department (ISD) reports that Marin Clean Energy (MCE), a public not-for-profit electricity provider, is California's first CCA program and serves approximately 125,000 customers in Marin County and the City of Richmond. As a community choice aggregator, MCE partners with Pacific Gas & Electric to provide billing and electric delivery services while MCE determines the source of energy. According to ISD, another CCA (Sonoma Clean Power) has been formed under a joint powers authority between Sonoma County and participating cities, and should be operational by May 2014. ISD also reports that the City and County of San Francisco is in the process of developing a CCA to be administered by the San Francisco Public Utilities Commission.

The Internal Services Department indicates that CCAs allow local governments to procure cleaner energy sources as a strategy for reducing greenhouse gas responsibility in their jurisdictions and to provide an alternative to the IOUs monopoly on electricity supply. ISD reports that a CCA is a viable and reasonable option for the County and cities within the County to provide a cleaner and potentially cheaper source of electricity to all ratepayers within the County, and to design energy efficiency programs for ratepayers.

The Internal Services Department reports that AB 2145 would change the initial enrollment for a CCA from an opt-out process to an opt-in process. According to ISD, the bill would also require a CCA to inform customers about the electricity supply rate for five years into the future as well as the greenhouse gas emissions (GHG) associated with the CCA electric service. ISD notes that the opt-in requirement would have a significant impact on the creation of future CCAs because, under current law, it is assumed that all ratepayers within a CCA's jurisdiction will be part of the new CCA program unless they opt-out. By mandating that customers opt-in, AB 2145 raises the possibility that future CCAs may be delayed or even halted unless it is able to secure the volume of customers necessary to cover its start-up costs and to reach economies of scale. ISD also indicates that it is not clear why a CCA would be required to provide potential customers with electricity supply rate for five years into the future as well as the greenhouse gas emissions (GHG) associated with the CCA electric service when there is no similar requirement to publish projected rates or GHG emissions placed on IOUs.

Finally, the Internal Services Department notes that CCAs provide many benefits to customers, such as an alternative choice to IOUs, which in turn makes IOUs more responsive to customers' needs. CCAs also provide customers and communities with a mechanism to increase the amount of renewable energy they use, thereby reducing the amount of GHG emissions in their region. In this regard, as currently administered,

CCAs help advance the State's environmental goals by emphasizing procurement of more renewable energy and can put pressure on IOUs to obtain more of their energy from renewable sources.

This office and the Internal Services Department oppose AB 1922 because the proposed changes to the CCA rules would impose significant and unneeded barriers to the creation of more CCAs and to customer participation. Therefore, unless otherwise directed by the Board, consistent with existing Board-approved policy to support direct access legislation that would provide customers, such as the County, with a choice of retail electricity suppliers and to support legislation that allows local government to purchase and/or generate electricity and natural gas for local government facilities delivered through utility transmission and distribution systems (lines/wire for electricity, pipelines for natural gas), **the Sacramento advocates will oppose AB 2145.**

AB 2145 is sponsored by the Coalition of California Utility Employees. Support for the bill is unknown at this time. AB 2145 is opposed by California State Association of Counties and Sonoma Clean Power.

AB 2145 is scheduled for a hearing in the Assembly Utilities and Commerce Committee on April 28, 2014.

AB 2374 (Mansoor), which as amended on April 8, 2014, would require that licensed alcoholism or drug abuse recovery and treatment programs provide telephonic and written reports to the California Department of Health Care Services (DHCS) regarding specified events involving program residents, including deaths, poisonings, and facility-related injuries requiring medical treatment, among other incidents.

Under existing law, the California Department of Health Care Services has the authority to certify alcoholism and drug program providers. As part of the certification process, DHCS is required to develop program standards specific to each type of residential and nonresidential program and it is required to consult with county alcohol and drug program administrators, as well as other interested organizations and individuals. DHCS also has sole authority within the State to determine the qualifications of personnel working within these recovery and treatment programs, including the appropriate skills, education, and training.

Under AB 2374, licensed alcoholism or drug abuse recovery and treatment programs would be required to provide DHCS with both telephonic and written reports regarding specified events involving program residents under their supervision. Specifically, these recovery and treatment programs will be required to provide reports when certain events occur, such as: death of any program resident for any cause, even if the death

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did not occur at the facility; poisonings; and facility-related injury of any program resident requiring medical treatment by a physician, among other incidents. Telephonic reports of these incidents to DHCS would be required within one working day, and a follow-up written report would be required within seven days.

AB 2374 would further require that prior to registering or certifying counselors working with recovery and treatment programs, organizations responsible for providing registration or certification must reference the electronic databases maintained by other DHCS-approved registering/certifying organizations to determine whether or not a prospective counselor has ever had their registration or certification as a counselor revoked.

The Department of Public Health indicates that AB 2374, if enacted, will help ensure the safety and integrity of a substance abuse treatment and recovery facility responsible for providing services to an already vulnerable population seeking a safe environment to receive services.

This office and the Department of Public Health support AB 2374. Therefore, unless otherwise directed by the Board, consistent with existing policies to support legislation that improves oversight of the State's Drug Medi-Cal program by implementing program enhancements that include, but are not limited to: 1) improved collaboration, information sharing, and communication between the State and local jurisdictions; 2) adoption of formal policy and procedures for immediately advising counties when provider agencies are being decertified or suspended by the State and/or investigated by the Department of Justice; 3) inclusion of in-depth administrative, programmatic, and financial reviews during the provider certification review process; and 4) increased provider engagement and training, **the Sacramento advocates will support AB 2374.**

AB 2374 is supported by the California Association of Addiction Recovery Resources and the California Narcotic Officers Association. Currently there is no registered opposition for this measure.

AB 2374 is scheduled for a hearing in the Assembly Health Committee on April 22, 2014.

We will continue to keep you advised.

WTF:RA
MR:VE:AO:RM:ma

c: All Department Heads
Legislative Strategist